

DANNHAUSER MUNICIPALITY



DRAFT INDIGENT POLICY FOR 2025/26

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1. INTRODUCTION

In keeping with the principles that Local Government conducts its affairs in an effective, economical and efficient manner with a view to optimising the use of its limited resources in addressing the needs of the community, the DANNHAUSER Municipality hereby sets out its Indigent Support Policy to promote social and economic development within the community of DANNHAUSER.

2. DEFINITIONS

“Basic municipal services” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that if not provided, would endanger public health or, safety of the environment.

“Child headed household” means a household where both parents are deceased and where all occupants of property are children of the deceased and under the legal age to contract for services.

“Consumer” means any occupier of premises to which the Council has agreed to provide or is actually providing any municipal service.

“Free basic alternative energy” means any other form of basic energy excluding electricity and solar home systems deemed necessary to support the basic energy needs of an indigent household as determined from time to time and funded by government.

“Household” refers to a house and its occupants regarded as a unit or the people in a family or other group that are living together in one house.

“Indigent” means any household or category of households, including a child headed household, earning a combined gross income, as determined by the Municipality during the compilation of annual budget in terms of a social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebate or remissions, support or a services subsidy, provided that child support grant is not included when calculating such household income.

“Indigent register” means the municipal list of indigent customers as per the municipal policy, which has to be updated on a monthly basis, designed to contain all the data contained within completed indigent application forms.

“Municipality” for the purposes of this Policy, means Dannhauser Municipality.

“Municipal tariff” means a tariff for a service which a municipality may set for the Provision of a service to the local community and includes a surcharge on such a Tariff.

“Occupier” means any person who occupies any premises or part thereof, without regard to the title under which he or she so occupies.

“Poor household” refers to a house and its occupants regarded as a unit or the people in a family or other group that are living together in one house but cannot afford to sustain or afford basic services for themselves.

“Property owner” means a person in whose name property is registered/ the holder of a title deed.

“Representative” means the Board of Trustees/Managing Agents of retirement centres and old age homes.

“Restricted service levels” refers to a metering and billing system that restricts the households’ consumption of free basic service to the predetermined level allocated to a particular household.

3. ABBREVIATIONS

- 3.1 CIPC- Companies and Intellectual Property Commission
- 3.2 ID – Identity Document
- 3.3 MFMA- Municipal Finance Management Act
- 3.4 MPRA- Municipal Property Rates Act
- 3.5 SARS - South African Revenue Service

4. LEGISLATIVE FRAMEWORK

4.1 This framework is designed and implemented within the contexts, but not limited to other prescripts:

- a) The Constitution of the Republic of South Africa, 1996;
- b) The Local Government: Municipal Finance Management Act, 2003(Act no. 56 of 2003);
- c) The Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000);
- d) The Promotion of Access to Information Act, 2000 (Act No.2 of 2000);

- e) The Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- f) The Local Government: Municipal Property Rates Act, 2004 (Act No.6 of 2004);
- g) The Local Government Municipal Structures Act 2000, (Act No. of 2000);
- h) The Local Government Municipal Systems Act 2003 (Act No. 32 of 2003);
- i) The Free Basic Alternative Energy Policy 2007;
- j) The Free Basic Electricity Policy 2003;
- k) The Free Basic Water Implementation Guideline for Local Authorities 2002;
- l) The Free Basic Water Implementation strategy 2007: Consolidating and Maintaining;
- m) The National Policy for the Provision of Basic Refuse Removal Services to Indigent Households 2011;
- n) The Local Government Equitable Share Municipal Demonstration Spreadsheet for 5 year (2019/20 to 2023/24 financial year).

5. POLICY PRINCIPLES

In recognition of the abovementioned National Framework the Municipality undertakes to promote the following principles:

- 5.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise service charges of those who can afford to pay;
- 5.2 To link this Policy with the municipal Integrated Development Planning, Local Economic Development initiatives and poverty alleviation programmes;
- 5.3 To promote an integrated approach to free basic service delivery;
- 5.4 To engage the community in the development and implementation of this Policy;
- 5.5 To address poverty, unemployment, and inequality.

6. POLICY OBJECTIVES

In support of the above principles the objective of this Policy will be:

- 6.1 To ensure the financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- 6.2 To ensure free basic services are provided to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 6.3 To ensure co-operative governance with other spheres of government;
- 6.4 To enhance the institutional and financial capacity of the Municipality to implement the policy;
- 6.5 To ensure the provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;

6.6 To minimise long outstanding debts from the age analysis of which most of those debtors are indigent.

7. APPLICATION PROCEDURE

7.1 Indigent Consumer must register anytime during the financial year and renew their registration each financial year except for pensioners.

7.2 The responsibility for applying indigent subsidy, in terms of this Policy, rests with the consumer who meets the income threshold outlined in section 8.3 below and cannot afford to pay for basic municipal services received.

7.3 The responsibility of ensuring that indigent budget allocation is spent on indigent households rests with the Municipality who has the responsibility to identify indigent households, provide and maintain services, and implement an indigent exit strategy.

7.4 An indigent application must be done on a specific Council's application form obtainable from the municipal offices.

7.5 The programme officers must provide the applicant with a reference number during application and verification phases.

7.6 The following documentary proof has to accompany the prescribed indigent application form:

- a) Applicant's identity document;
- b) The applicant biological/foster/adopted children's identity documents;
- c) Proof of residence;
- d) Proof of ownership or Lease of the premises where the applicant is not yet connected to electricity;
- e) Proof of connection to electricity stipulating all details as per the records of the service provider and / or latest Municipal rates account;
- f) Bank statement where applicable;
- g) Copy of a certified Government grant slip (letter from SASSA confirming - income status);
- h) Letter from Department of Labour confirming unemployment where applicable.

A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared.

7.7 In addition, programme officers must visit the applicant's household to verify the correctness of the information provided on the application form, which may include verification of unemployment status of household members including that of biological/foster/adopted children with credit bureaus, South African Revenue services, Compu-Scan (verification of people in the employ of the State).

7.8 The Accounting Officer must, on recommendations by the Chief Financial Officer approve or disapprove the submitted application forms and also approve the list of

identified indigent beneficiaries and determine the subsidy amount granted as per this Policy.

7.9 Once the forms are captured on the municipal indigent database the indigent management system must generate a recommended draft indigent register that must be dealt with in terms of the municipal indigent management system guidelines and this Policy.

7.10 All applicants must be informed in writing about the outcome of their applications, which should also include the date of commencement and termination of the subsidy, where applicable.

7.11 The subsidy must only be valid for a period of 12 months or less depending on the date approved where after the consumers who occupy or own the property must re-apply.

7.12 The re-application for indigent support must be done at the beginning of the financial year. State pensioners and disabled beneficiaries need not to re-apply for the support, however the Municipality needs to ensure verification on the status of the existing pensioners and disabled beneficiaries.

7.13 The re-application for indigent support must be screened before granting approval, where the consumers account for rates and refuse removal is not paid up to date, according to the Credit Control and Debt Collection by-laws.

7.14 The reapplication for indigent support should not be approved unless the applicant has made an arrangement with the Municipality to settle the outstanding debt.

7.15 In the event that the approved applicant is deceased, the heir/s or household guardian (in the event of minor) of the property must re-apply for indigent support, provided that the stipulated criteria are met as per the municipal indigent policy.

7.16 An applicant who is the registered household owner living within the municipal jurisdiction who feels aggrieved by a decision taken in respect of his / her application may lodge an appeal with the Council in line with the Municipality's appeals processes.

8. QUALIFYING CRITERIA

For a household to qualify as an indigent support, a household should comply with following requirements:

8.1 The applicant must be a resident in the jurisdiction of the Municipality and be citizen of South Africa.

8.2 The applicant must be eighteen (18) years of age and above except for child headed households.

- 8.3 The total household joint gross income of all occupants or dependents in a single household must be equal to or less than 2 X SASSA pension grant for the respective year.
- 8.4 The applicant must be the property owner who receives municipal services and is registered as an account holder on the municipal financial system, provided that the requirement of being registered as an account holder does not apply to households in informal settlements and rural areas where no accounts are rendered.
- 8.5 The applicant must be the property owner or be a resident who resides in one(1) property (stand) and furthermore the applicant should have one property registered under his or her name in order to qualify.
- 8.6 All households applying for free basic electricity must have electricity legally connected to the household.
- 8.7 All household with no grid- electricity connection should be provided by alternative energy.

9. SOURCES OF FUNDING

- 9.1 The Council must provide funds annually on the budget for the subsidization of indigent households on rates, refuse removal and burial services.
- 9.2 The Municipality must make provisioning in its expenditure budget for the alternative energy for cooking and lighting, in areas where there are no immediate plans to electrify, including areas where energy poverty is prevalent.
- 9.3 The indigent subsidies will have to be financed from the equitable share contribution to the Municipality obtained from National Treasury.

10. INDIGENT IN RETIREMENT CENTRES AND OLD AGE HOMES

Indigent consumers living in retirement centres or old age homes are eligible to qualify for assistance and support in terms of the municipal policy, subjected to the following rules and procedures:

- 10.1 The responsibility is on the Property owner to apply to the Municipality for indigent status to be granted in respect of charges related to property rates.
- 10.2 The institution's representative must submit applications to the Municipality.
- 10.3 The Revenue Accountant must verify all applications and she or he must notify:
- a) The representative, whether the application was successful or not;
 - b) The Chief Financial Officer will credit the monthly municipal charges of the Retirement Centre or Old Age Home, where the Municipality serves as a provider.

11. TARGETING APPROACH

- 11.1 Municipalities in consultation with community based public participation structures must adopt and implement an approach that:

- a) Meets its diverse needs;
- b) Is cost effective and sustainable;
- c) Maintains consistency and equal treatment of indigent households; and
- d) Ensures that all and only indigent households are the beneficiaries of the programme; and
- e) Minimises long outstanding Debts from the age analysis.

11.2 The following are additional approaches that municipalities must consider:

- a) Property value, as an indication of the level of household wealth, and hence income;
- b) Means testing, applied with targeted credits or subsidy to those households which are below a household threshold;
- c) Plot size, using a charge based on plot size, with a zero rating for properties under a determined threshold;
- d) Women, Child headed households and old aged people.

12. EXTENT OF INDIGENT SUPPORT

12.1 The extent of the monthly, indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

12.2 Subsidised service charges must be limited to electricity, rates, refuse removal and burial services.

12.3 Assessment rates in respect of residential property registered in the name of a qualifying indigent owner must be subject to the maximum amount as determined by Council from time to time.

12.4 Annual service charges on the indigent's account must automatically be converted to monthly instalments.

13. FREE BASIC SERVICES SOCIAL PACKAGE OR INTERGRATED BASIC SOCIAL SERVICES AND PROVISION

13.1 The Municipality must determine the suitable package for its indigent beneficiaries.

13.2 The social package may be extended to include households where eligible applicants are not municipal account holders and registered indigent households in rural areas.

The social package comprises of the following:

- a) **Electricity** – all approved beneficiaries for the indigent support automatically qualify for Free Basic Electricity whether on 20Amps or 60Amps supply under the following conditions:
 - i. Approved indigent registered household must receive electricity fully subsidised at a minimum of 50kWh /60kWh per month (depending on the capacity)

- ii. Indigent households in informal settlements within the municipal jurisdiction where limited or no electricity is available, the Municipality must provide alternative energy sources for lighting and cooking.
- b) **Alternative energy** – Municipality has an obligation to identify a suitable energy source for its community and ensure its effective distribution to the identified households, it must give energy to the estimated value of R106.80 (2023) as a minimum to an un-electrified indigent household. The figure should increase on an annual basis by the inflation rate plus 1.5% or by the figure to be determined by The Department of Energy.
- c) **Refuse removal**- approved indigent households must be fully subsidised for refuse removals in the annual budget.
- d) **Property rates** – approved indigent households must be fully subsidised for property rates as provided in the municipal annual budget and be subjected to the provision of the Municipal Property Rates Act 2006.
- e) **Burial Services** - are not free/ are municipal support service during the crisis situation. Approved indigent households must be fully subsidies for burial services as provided in the municipal annual budget and be subjected to the provision of the Municipality's Burial Policy.

14. COMMUNICATION PROCEDURES AND FREE BASIC SERVICES IMPLEMENTATION

14.1 The Municipality must develop a free basic services communication and implementation strategy through which communities must be informed and educated about the indigent programme.

14.2 There must be a regular information dissemination and awareness campaigns to be undertaken to eliminate unrealistic expectations of qualifying for the free basic services subsidy. The methods of communication that must be used are:

- a) Ward committees;
- b) Traditional leaders;
- c) Community based organisations;
- d) Local radio stations and newspapers;
- e) Municipal accounts;
- f) Izimbizo and road shows;
- g) Public participation structures; and
- h) Municipal Customer Services Centres.

15. ARREARS AND EXCESS USAGE OF ALLOCATIONS

- 15.1 Upon registration as an indigent household, the arrears on the account of the applicant must be kept pending for a period of up to six (6) months after which it may be written off, interest may be calculated on the arrears as contemplated.
- 15.2 If the applicant exists from the indigent support programme within the six (6) months period the arrears must be re – introduced in the account and be subjected to the credit control and debt collection policy of the Municipality.
- 15.3 Council may from time to time decide to write-off indigent arrears. No further legal action must be taken on such indigent arrears.
- 15.4 Customers who qualify for an equitable share subsidy must be placed on restricted service levels in order to limit further escalation debt.
- 15.5 Where a qualifying customer's account is paid in full at the date of application, or after receiving the subsidy, and regularly maintains a paid-up monthly account including any arrangements made, the restriction on service levels must be waived.

16. DISHONESTY AND NON- COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- 16.1 The indigent status of a customer must be reviewed at intervals determined by Council. This must be done by either physical audit or external verification check using the data obtained from credit bureaus, CIPC, SARS and Department of Social Development /Home Affairs. If the requirements are not met, the subsidy for that applicant must be cancelled. As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks.
- 16.2 Where a registered indigent is found have provided false information to the Municipality with regard to any material condition for registration as an indigent, such person must be removed from the register of indigents, and he/she must be liable to repay the Municipality with immediate effect all indigent relief received from the date of fraudulent registration. Moreover, such a person must not be considered for indigent relief for a period of five years beyond the financial year in which the misdemeanour is detected.
- 16.3 The responsibility is on each registered indigent to advise the municipal manager of any changes likely to impact or impacting on their qualifying criteria.
- 16.4 If an indigent household falls into arrears the property owner must make arrangements with the municipal manager to pay off these arrears. If the arrangements are not made, no subsidies must be paid or free services provided and services must be terminated in terms of the Municipality's credit control and debt collection policy.

17. REGISTER OF INDIGENT

- 17.1 The Municipality must in consultation with community based public participation structures and by consulting Statistics South Africa latest released data develop and keep an updated register of indigent households.
- 17.2 The Indigent Register, after approval by the Chief Financial Officer must be distributed to all the Municipal pay points for public perusal.
- 17.3 The Indigent Register must be updated monthly, and the verification process undertaken throughout the year for any necessary change of circumstances.
- 17.4 The Municipality must conduct the regular audits and where necessary review the status of the applicant as indicated under section 14(a).

18. DEPARTURE PROGRAM

- 18.1 The indigent customer must immediately request deregistration where his or her circumstances have changed to the extent that he or she no longer complies with the requirement set out in Section 8 of this Policy.
- 18.2 In addition to the circumstances stated in section 8 above, indigent support must be terminated under the following:
- a) Upon death of the accountholder or the head of the household where no accounts are rendered;
 - b) Upon sales of the property in respect of which support is granted;
 - c) When the circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded;
 - d) End of the 12-month cycle.
- 18.3 The Municipality may promote exit from indigence by identifying indigents for conclusion in public works projects.

19. ROLES AND RESPONSIBILITIES

- 19.1 The Municipality must designate the administration of this Policy to the most appropriate unit within the Municipality, the Free Basic unit or any other unit with the similar functions. Upon registration of an application, the Free Basic Services unit must, capture and verify all information according to the procedures vested on the municipal indigent policy and guidelines provided by the Department of Cooperative Government and Traditional affairs.
- 19.2 The Municipal Manager must report on a monthly basis to the Executive Mayor for the month and by municipal ward:
- a) The number of households registered as indigents and brief explanation of any movement in such numbers;
 - b) The monetary value of actual subsidies and rebate granted; and

c) The budgeted value of the actual subsidies and rebates concerned.

19.3 The Executive Mayor must submit a summary of the indigent reports submitted to him on a monthly basis by the Municipal Manager to the council quarterly.

19.4 The Municipality must submit quarterly reports regarding the execution of the policy on indigent households in the affected areas within their jurisdiction to the Provincial Department of Cooperative Governance and Traditional affairs.

19.5 The responsible Officer is Revenue Manager who is contacted on 034 621 2666 ext 717 during office hours (7h30 to 16h00) Monday to Friday

20. POLICY MONITORING

The implementation of this Policy must be internally monitored by Council as well as the provincial Department of Cooperative Governance and Traditional Affairs by giving guidelines and comments to Revenue Manager.

21. POLICY REVIEWED

This Policy on the indigent households must be reviewed once every year, subject to major changes in the demographic, social and economic conditions of communities and individual households. The reviewed Policy must be endorsed by the Executive committee of the Municipality and be submitted to the Department of Cooperative Governance and Traditional Affairs.

21.1. List of Stake Holders

- a) The Community Members
- b) The Department of Social Development
- c) The Farmers Associations
- d) The ward committees
- e) The Department of co- operative governance and traditional affairs
- f) The Amakhosi
- g) The Business Community

22. CONTACT PERSON

NAME : Mr Mfanafuthi Joseph Hlongwane

Position : Manager Revenue

Contact number : 084 704 4846 or 034 940 0717

Email: joeh@dannhauser.gov.za

23. EFFECTIVE DATE

This Policy will be known as **THE INDIGENT SUPPORT POLICY OF DANNHAUSER MUNICIPALITY** as adopted by the Council on _____ of _____ 2025 under Resolution No _____ of the final Budget 2025/26. This Policy will come into effect from **1st July 2025**.